

ASSEMBLY BILL

No. 33

Introduced by Assembly Member Nava

December 1, 2008

An act relating to financial transactions.

LEGISLATIVE COUNSEL'S DIGEST

AB 33, as introduced, Nava. Financial transactions.

Existing law provides for the licensing and regulation of banks, credit unions, and other financial institutions by the Commissioner of Financial Institutions. Existing law provides for the licensing and regulation of residential mortgage lenders and finance lenders by the Commissioner of Corporations. Existing law provides for the licensing and regulation of real estate brokers by the Real Estate Commissioner.

This bill would require the Secretary of Business, Transportation and Housing, in conjunction with the Commissioner of Financial Institutions, the Commissioner of Corporations, and the Real Estate Commissioner, to develop a plan to consolidate the operations and licensing frameworks of the 3 departments into a single department by January 1, 2015. The plan would be submitted to the Legislature by January 1, 2012. The bill would make legislative findings and declarations in that regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) The regulation and oversight of financial services in
2 California are divided among three regulators, the Department of
3 Financial Institutions, the Department of Real Estate, and the
4 Department of Corporations.

5 (b) California is one of only a few states that separates the
6 regulation of financial services among different licensing agencies.

7 (c) This division of oversight is most apparent in the regulation
8 of home mortgage lending that is split among several licensing
9 schemes, including the California Finance Lenders Law, the
10 California Residential Mortgage Lending Act, the Real Estate Law,
11 and laws governing the operation of state and federally chartered
12 banks or credit unions.

13 (d) This partition of regulation dilutes consumer protection and
14 creates confusion and unnecessary administrative difficulties for
15 financial services entities.

16 (e) The current regulatory system creates licensing arbitrage,
17 with entities seeking out licenses from various regulators in order
18 to obtain an advantage.

19 SEC. 2. The Secretary of Business, Transportation and Housing,
20 in consultation with the Commissioner of Financial Institutions,
21 the Real Estate Commissioner, and the Commissioner of
22 Corporations, shall design and develop a consolidation plan to be
23 submitted to the Legislature on or before January 1, 2012, that
24 does both of the following:

25 (a) Consolidates the operations and licensing frameworks of
26 the Department of Financial Institutions, the Department of Real
27 Estate, and the Department of Corporations into a single
28 department.

29 (b) Identifies necessary statutory changes required to achieve
30 that consolidation by January 1, 2015.